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Item Type	Article
Authors	Palmer, Lance;Pichot, Teri;Kunovskaya, Irina
Citation	Palmer, L., Pichot, T., & Kunovskaya, I. (2016). Promoting Savings at Tax Time through a Video-Based Solution-Focused Brief Coaching Intervention. <i>Journal of Financial Therapy</i> , 7 (1) 2. <a href="https://doi.org/10.4148/1944-9771.1103">https://doi.org/10.4148/1944-9771.1103</a>
Download date	2026-04-20 16:16:52
Link to Item	<a href="https://dspace7-entities.atmire.com/xmlui/handle/123456789/248">https://dspace7-entities.atmire.com/xmlui/handle/123456789/248</a>

September 2016

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## Recommended Citation

Palmer, L., Pichot, T., & Kunovskaya, I. (2016). Promoting Savings at Tax Time through a Video-Based Solution-Focused Brief Coaching Intervention. *Journal of Financial Therapy*, 7 (1) 2. <https://doi.org/10.4148/1944-9771.1103>

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# Promoting Savings at Tax Time through a Video-Based Solution-Focused Brief Coaching Intervention

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*Solution-focused brief coaching, based on solution-focused brief therapy, is a well-established practice model and is used widely to help individuals progress toward desired outcomes in a variety of settings. This paper presents the findings of a pilot study that examined the impact of a video-based solution-focused brief coaching intervention delivered in conjunction with income tax preparation services at a Volunteer Income Tax Assistance location (n = 212). Individuals receiving tax preparation assistance were randomly assigned to one of four treatment groups: 1) control group; 2) video-based solution-focused brief coaching; 3) discount card incentive; 4) both the video-based solution-focused brief coaching and the discount card incentive. Results of the study indicate that the video-based solution-focused brief coaching intervention increased both the frequency and amount of self-reported savings at tax time. Results also indicate that financial therapy based interventions may be scalable through the use of technology.*

*Keywords: coaching; solution-focused brief coaching; VITA; savings intervention; savings motivation*

## INTRODUCTION

Most low and moderate-income households in the United States receive large lump-sums of money each year when they file their federal income tax return. For many low to moderate-income households, the tax refund is one of the single largest payments received all year and may not be completely allocated to the household's routine spending patterns because of its once-a-year timing. These factors make tax-time savings programs attractive interventions that could lead to substantial increases in the amount of savings and financial stability among low and moderate-income households. This study presents the structure and effect on self-reported savings behavior of a tax-time savings intervention.

## **Tax Time Savings Interventions**

The federal government continues to implement social welfare policies through the Internal Revenue Code implying that future tax refunds for low and moderate-income households will grow in size and continue to be a staple of tax policy in the future. Effective interventions that encourage saving at tax time (and throughout the year) among low and moderate-income households can contribute to greater long-term financial stability for households and increase the likelihood that government transfer programs affect permanent, rather than simply temporary, changes in the economic well-being of targeted households.

Some tax-time interventions have focused solely on financial incentives, such as matching contributions to restricted savings accounts or savings bonds and gamification of the savings decision (i.e., Beverly, Schneider, & Tufano, 2006; Doorways to Dreams Fund, 2011; Duflou, Gale, Liebman, Orszag, & Saez, 2005; Jones & Mahajan, 2011). Other interventions have utilized financial coaches to encourage saving among participants, as well as gift cards for those choosing to save (i.e., Empire Justice Center, n.d.). Tax-time savings research-based initiatives during the early 2000s led to policy changes (Beverly et al., 2006) that were designed to make it easier for tax filers to save more of their refunds. Beginning in 2005, the nonprofit organization, Doorways to Dreams Fund (D2D), offered U.S. savings bonds during tax-time and contributed to the introduction of IRS Form 8888, which allows tax filers receiving a tax refund to split that refund across multiple accounts, as well as purchase U.S. savings bonds. D2D also launched Bonds Make it Easy, a creative social marketing campaign that included video games as an instructional media tool designed to promote personal savings through savings bonds, workplace savings accounts, and budgeting (Tufano, Flacke, & Maynard, 2012). For the 2013 tax season, D2D launched a nationwide Save Your Refund Sweepstakes that offered cash prizes to filers who used IRS Form 8888 to commit their refund dollars to U.S. savings bonds or other savings products.

Refund to Savings is the largest savings experiment conducted in the United States. It integrated two behavioral economic interventions, namely prompts and anchors, into Turbo Tax Free File, a free online tax filing software for low and moderate-income households (Grinstein-Weiss et al., 2015). The combination of prompts and anchors led to a statistically significant increase in the percentage of households' saving part of their tax refund, as well as an increase in the amount they chose to save. While the gains were modest (i.e., the percentage of households saving increased from 6.8% to 7.6% of tax filers), the analysis was robust and used split refunds to measure the immediate and long-term impact of anchors and prompts embedded in the tax preparation process.

Many tax-time savings interventions, such as D2D, are initiated and implemented at Volunteer Income Tax Assistance (VITA) sites, or through other free tax filing assistance programs. VITA sites are sponsored by the IRS and are made available in local communities through partnerships with the local entities, such as social service agencies, schools, churches, military installations, credit unions, and other community organizations (Annis, Palmer, & Goetz, 2010). VITA sites offer free income tax preparation and filing services to

low and moderate-income households. Many types of savings intervention programs are frequently offered at VITA sites. However, evaluations of tax-time saving programs show them to have fairly small incremental effects on motivating savings behavior changes (Grinstein-Weiss, Russell, Gale, Key, & Ariely, 2016).

Insights from social psychology provide help in understanding why people fail to save more of their money and why matching incentives sometimes do not work as expected. Certain external incentives, such as gift cards or matched savings programs, have little influence when they must compete against substantial opposing internal forces. The degree to which an individual desires to satisfy their needs/wants and the congruency of external savings incentives with their internal desires will lead to the avoidance or acceptance of the incentive (Lewin, 1951). Additionally, consumers can interpret interventions and associated stimuli, such as images, short phrases, or incentives, differently than intended depending on their mind-set, thus confounding the effects of the intervention (Cheema & Patrick, 2008).

The present study proposed an innovative tax-time saving intervention, which was designed based on Solution-Focused Brief Coaching (SFBC), to foster in VITA clients an intrinsic motivation to save for their future needs. This intervention utilized key approaches of Solution-Focused Brief Therapy (SFBT). While the financial coaching literature has recently grown significantly, empirical evidence about specific approaches or practice models is still limited. Data presented in this paper show some encouraging results regarding the effectiveness of the SFBC approach.

## REVIEW OF LITERATURE

### Financial Coaching

Financial coaching was introduced as a promising approach for helping clients to attain their financial goals. It is distinct from financial literacy education, financial planning, or financial counseling (Collins, Baker, & Gorey, 2007; Collins, Olive, & O'Rourke, 2013). Financial coaching is described as a newly emerging and applied sub-discipline of life coaching, which according to Grant and Cavanagh (2011), refers to "a goal-directed activity" (p. 294).

Coaching incorporates many of the clinical, technical, interpersonal, and managerial skills that therapists have been using for years in face-to-face therapy. However, coaches define their work differently than therapists do (Szabo, Meier, & Dierolf, 2009). The primary distinction is that therapy can treat diagnosable disorders or pathologies. While therapists can provide significant help to individuals with or without diagnosed disorders, coaching is focused solely on those individuals who have a functioning ability in the area(s) for which they are seeking support. Coaching presumes one is doing many things well and wants to perform even better. It involves helping clients identify centrally important professional and/or personal goals and taking action toward their deepest vision of who they want to become.

The goals of clients pursuing coaching services similarly set them apart. Clients who pursue personal and professional coaching are generally motivated to reach personal wellness, peak performance, and a greater life experience. They are not seeking emotional healing or relief from psychological pain, but rather they are seeking to improve their performance or conduct in specific areas of their lives.

As the financial coaching field has developed, there have been ongoing appeals to place significant emphasis on developing scientifically rigorous and theoretically-informed practices in the field. Collins and O'Rourke (2012) developed a clearer definition of financial coaching which was an important theoretical step forward and defined financial coaching as "a collaborative solution-focused, result-oriented, systematic and strengths-based process in which the coach facilitates the enhancement of personal financial management practices" (p. 42).

This definition highlights that communication between a client and a coach is collaborative and is focused on helping clients articulate their own goals and outcomes. Defining financial coaching also clarified that a financial coach (a) acts as a facilitator of change rather than an expert, (b) facilitates the construction of solutions, (c) focuses on client strengths and emphasizes their resources, (d) highlights how these resources can be used in the attainment of a client's goals, and (e) emphasizes the future more than the present or the past (Collins & O'Rourke, 2012).

Collins and O'Rourke (2012) also analyzed data from financial coaching programs that targeted lower income populations. Results of the analysis suggested that clients who had received financial coaching, compared to those who had not been coached, self-reported higher budgeting self-efficacy, were more likely to have a goal, and had higher confidence regarding achieving the goal.

### **Solution-Focused Brief Therapy and Solution-Focused Brief Coaching**

While financial coaching is generally described as solution-focused, it is important to note that SFBC is a very specific type of coaching that includes the common elements of general financial coaching, but also incorporates additional essential intervention tools pertaining to the SFBC practice model. SFBC is derived from Solution-focused Brief Therapy (SFBT) which has its origin in the field of psychotherapy (Visser, 2011). SFBT was originally developed by Insoo Kim Berg, Steve de Shazer, and a group of colleagues at the Brief Family Therapy Center in Milwaukee, Wisconsin, in the early 1980s (Berg, 1994; Berg & Miller, 1992; Berg & Reuss, 1998; de Shazer, 1985, 1988, 1991, 1994; Miller & Berg, 1995). An overview and narrative of model SFBT discussions is presented by Trepper et al. (2010). Bavelas et al. (2013) also provide an in-depth introduction to Solution Focused Therapy.

Since its inception, SFBT has been applied across a range of contexts, such as substance abuse, domestic violence offenders, couples therapy, traditional psychotherapy, and organizational development (Corcoran & Pillai, 2009). SFBT is a future-focused, goal-

directed approach based upon principles of focusing on strengths, exceptions to the problem, and future goals. Solution-focused work is also short-term, and may consist of a small number of sessions, or even a single session.

Certain aspects of SFBT have been incorporated into the general field of financial coaching, but consistent applications of all of the core tools and approaches are not typically followed in general financial coaching interventions (Collins & O'Rourke, 2012).

Archuleta et al. (2015) utilized SFBT techniques to work with college students struggling with financial issues. In contrast to financial coaches' general "solution-focused" orientation, Archuleta et al. monitored counselors' adherence to the specific practice model of SFBT to ensure that the core elements and processes were followed in each counseling session. Across multiple measures of financial well-being, students in the study showed improvements. Archuleta et al. not only demonstrated the efficacy of the SFBT approach for financial counseling, but they also persuasively argued the importance of understanding, applying, and adhering to core elements of specific practice models when working with clients.

### **Tools and Processes in SFBC**

The tools of SFBC, derived directly from the SFBT practice model, begin with identifying and creating a detailed description of the client's desired goals, and continue with assisting them in evaluating their situation in relation to their desired goals, including what they have done successfully in the past that resulted in being closer to their desired goals. The SFBC approach also emphasizes, identifies, and acknowledges small steps that can be taken in the present in order to reach future goals (Pichot & Smock, 2009). In the SBFC approach, the coach helps the client create a well-defined image of their desired future situation. The clients are the experts regarding their desired outcomes and in defining what steps will lead to these outcomes. The coach's role in SFBC is to lead clients in exploring possible solutions. This process allows clients to focus on their goals for the future, while still being aware of, yet not focused on, lessons from the past. The following tools and questions are essential elements of SFBC as derived from SFBT.

*Goal formation questions* invite clients to consider and develop a clear picture of their situation without their current problem, or to go to a place in their imagination where their desired future state has been achieved. As a result, the client's focus shifts from addressing the despair that results from current problems, to creating an intention to act for an improved future.

A common technique used to help elicit from the client a clear vision of the client's desired future state is to ask the client the *miracle question* (Trepper et al., 2010). The miracle question invites the client to imagine that a miracle has taken place while the client was sleeping and when they wake, the problem is gone or the goal is achieved. The client is then asked to describe this future state. This approach helps the client suspend any disbelief that change is possible, by framing the situation as though the desired change has already taken place. A variation of this technique invites clients to move forward in their

imagination to a specific point in time, or fast-forward to a time when the desired state has been achieved (Pichot & Dolan, 2003). The fast-forward variation of the miracle question removes any religious undertones that may confound the discussion and therefore may be better suited to the needs of a larger, more heterogeneous audience.

*Solution-focused scaling questions* help clients to orient and understand their current situation in relation to their desired future state. Such scales typically range from one to ten, where ten represents the client having achieved their desired state, and one represents the worst the client is possibly doing in relation to that desired state or outcome. Through scaling questions, clients can better understand the steps between their current situation and their desired situation. When a client's goal is expressed in terms of manageable steps (i.e., half or full increments on a scale), the client can not only understand their situation and plan for realizing their goal, but also can feel motivated to achieve small victories toward their ultimate goal.

Scales also allow identification of situations in which the problem is resolved or is less severe. In other words, scales help clients to become aware of exceptions. For example, a "three" on a ten-point scale, as reported by the client, indicates the client is closer to their desired state than if they had reported a "one" or "two" on the scale. A coach would ask clients to explain why they are at "three," and not at "two" or "one." This helps the client recognize what they have been doing well and provides a positive foundation to build upon. Clients are encouraged to identify steps that will get them one step, or even just a half a step, higher on the scale. Over repeated sessions, the coach and client revisit this scale to recognize progress and identify the next action steps. Through this process clients learn that even in the most difficult times, they are using skills and strategies that work.

*Coping questions* are questions that help clients to explore what they are doing to prevent their situation from becoming worse. These questions are particularly useful for clients who are not yet ready to advance along the scale but may still feel empowered by identifying something they are doing well, despite their adverse circumstances. These questions include, "What did you do from keeping the situation from getting worse?" or "What are you currently doing to manage the situation?"

*Relationship questions* ask clients to think from the perspective of others, allowing clients to consider the feelings, needs, and desires of others. These questions increase clients' motivation to take difficult or uncomfortable steps to make a positive difference in the lives of those to whom they feel connected.

SFBC was considered an appropriate intervention tool to use during VITA sessions to engage clients in forward looking savings behavior because it is goal-oriented and well-suited to meet clients' needs who have financial challenges, but can also benefit those who are managing their finances well by reinforcing positive behaviors.

## **Tax-time Savings Interventions**

Building on previous tax-time interventions, this project developed two interventions designed to encourage individuals to save. One intervention took VITA clients through a SFBC process prior to the completion of their tax return, while the other intervention focused on an immediate benefit if the client chose to save. These two interventions are scalable to reach larger populations with few marginal costs. The SFBC intervention took the form of a standardized internet-delivered video and accompanying worksheet, and was designed to help tax filers develop a clearer and emotionally connected vision of their future. The other intervention offered VITA clients who chose to save a discount card to local businesses. The discount card was intended to reduce the impact of loss aversion to saving by offering a current consumption benefit. The following section describes these two interventions and how they were implemented.

### **METHODOLOGY**

Implementing the application of the SFBC model was a challenge. It was to be delivered by more than 40 different student volunteers organized to provide VITA services to more than 800 households. The volunteers had never practiced SFBC, but the need for consistent SFBC intervention without substantially lengthening the time required to complete the tax preparation process was imperative. To address these concerns, researchers created a SFBC video and accompanying worksheet for clients to watch and complete either while waiting for their tax filing appointment or over the internet prior to arriving at the site.

#### **Developing a Solution-Focused Brief Coaching Video**

The “coach” used as the subject for the video was a nationally recognized therapist, trainer, and coach specializing in the area of Solution-Focused Brief Therapy. She also held professional licenses and designations, such as Licensed Clinical Social Worker, Licensed Addiction Counselor, and Master Addiction Counselor. In order to develop a video-based version of SFBC, wherein the video coach could adequately empathize with the clients through echoing some of their concerns, two focus groups were held with tax filers from the previous tax year and the SFBC coach. Findings from the focus groups regarding the client’s goals, concerns, desires, and general mindsets regarding their financial situations helped the coach learn about the clients. This allowed her to adapt her language in order to make the video more culturally appropriate and familiar to the audience (VITA clients). Phrases and themes that were commonly heard in the focus groups were then incorporated into the video script. These included: buying the latest smart phone; treating yourself to Jittery Joe’s (a local coffee shop); saving to buy your children something special; saving for a future goal (i.e., a house or going back to school); and having a little money left over for the unexpected.

Key elements of SFBC included asking questions of the client, including the miracle or fast-forward (goal formation), scaling, next steps, coping, and relationship questions. A simple worksheet was developed that followed the video. The video coach would ask the

client to respond to the questions on the worksheet. Each time the video coach asked a question that the client was to respond to, the video auto-paused to allow the client time to respond to the question. The client then restarted the video once they had written down their response. In this manner, the client was given sufficient time to write specific, individualized responses to the video coach's questions.

The SFBC coaching video was outlined as follows: (a) welcome and introduction to the concept of SFBC; (b) introduction of the video coach as a life coach; (c) invitation to take a few minutes to prepare and think about their desired financial future; (d) addressing the possible question of why the video may be helpful; (e) discussion of an analogy (driving in the rain) that showcases the importance of planning for the future; (f) fast-forward exercise, which is the creation of a desired future vision (worksheet response); (g) scaling of current progress toward this desired future state (worksheet response); (h) exploration of current exceptions (i.e., what's working now) (worksheet response); (i) introduction of the ladder analogy and scaling; (j) creation of a clear vision of what or how things would be different if they were just a little bit closer to their desired state; (k) exploration of possible next steps in order to reach that higher place (worksheet response); and (l) an invitation to discuss their goals and possible next steps with the tax preparer. The video can be viewed at <http://www.fcs.uga.edu/fhce/outreach-vita-resources-research>.

In order to facilitate the transition from video and worksheet coaching to the live tax preparer and maintain the momentum from the video, a four-hour training session was held with the student tax preparers. Training sessions focused on the key elements of SFBC that the video presented to clients and then provided tax preparers with simple strategies to follow-up with the clients in order to encourage clients to take the next steps toward their desired future state. Other research has shown that VITA sites not only provide valuable services to the clients they serve, but also provide influential experiential learning to students that provide the services (Palmer, Goetz, & Chatterjee, 2009).

### **A Cashless Matching Program**

The second intervention administered as part of this project was an incentive based savings promotion. As a substitute for a matched savings program, a cashless savings match program that utilized discounts at local businesses to provide a way of matching funds was developed. The discount card, titled "The 10% Club," was only available to those tax filers who chose to save at least 10% of their tax refund in long-term savings accounts, such as U.S. savings bonds, IRAs, CDs, or other restricted access accounts. The card included varying discounts at restaurants, retailers, auto repair shops, and other basic service providers (i.e., buy-one-get-one-free, 10% off auto repairs, etc.). By choosing to save, clients were purchasing discounts on current consumption; thus, the clients were mitigating the loss aversion that is typically associated with a pure savings decision.

## Assignment of VITA Clients to Intervention and Control Groups

On rotating days throughout the tax filing season, individuals coming to the Volunteer Income Tax Assistance site were exposed to different interventions or no intervention (control group). All VITA clients on any given day received the same treatment. Prior to the start of their tax return, randomly selected VITA clients were invited to do one of the following: (a) save part of their tax return (control group—no *10% Club*, no *video*); (b) participate in the *10% Club* by saving 10% of their potential tax refund in a restricted savings vehicle (i.e., CD, IRA, U.S. savings bonds) and receive a *10% Club* discount card; (c) view the SFBC video and complete the associated worksheet; or (d) participate in both the *10% Club* program and watch the SFBC video and complete the associated worksheet. Due to different response rates on given days, treatment group sizes were not equal. Table 1 shows the sample sizes for each of the four groupings.

At the conclusion of the tax preparation process, all tax filers were invited to complete an informed consent form and a survey. This research study was approved by the university's Institutional Review Board.

Table 1

### *Experimental Designs*

Intervention	Description / Label	Number of Participants	Number of Usable Surveys with a Refund
Intervention 1	Control Group	56	37
Intervention 2	10% Club card	94	68
Intervention 3	SFBC Video	57	35
Intervention 4	10% Club card & SFBC Video	99	72
Total		306	212

## Operations, Staffing, and Target Audience

VITA services were offered to the community in the branch offices of a local credit union after the branch was closed. Hours of VITA operation were Tuesdays and Thursdays from 5:00 PM to 9:00 PM, and Saturdays from 9:00 AM to 1:00 PM. Tuesday and Thursday sessions were by appointment only and Saturday sessions were primarily walk-in sessions. VITA operations began in the first week of February and concluded in the second week of April. Advertisements for the free income tax preparation services were sent via email list-serves to the local school district, university staff, city government, and print advertisements were also in the credit union lobby and on its website.

Staffing for the VITA site was provided by student volunteers from a local state university. Students were also enrolled in a service-learning class that was devoted to tax planning and research. They received a letter grade based on written assignments that

included a tax research paper and a reflective essay of their service-learning experience, in addition to their certification, accuracy of tax filing, professionalism, and client’s feedback during the filing experience. The class was comprised of students who were either accounting or financial planning majors.

All student volunteers were required to be certified through the IRS Link & Learn education program at the advanced level prior to working on any tax returns. In addition to the certification, student volunteers also completed approximately six hours of software, process, and SFBC training, and were required to dress professionally at the VITA site.

## RESULTS

Table 2 presents the sample characteristics based on survey data that was collected from tax filers at the conclusion of the tax preparation process.

Table 2

*Demographic Characteristics of the Sample by Intervention Design*

	Total Sample	Control Group	10% Club	SFBC Video	10% Card & Video
<i>Gender</i>					
Male	35.0%	22.2%	33.3%	31.4%	44.4%
Female	65.0%	77.8%	66.7%	68.6%	55.6%
<i>Ethnicity</i>					
Hispanic/Latino	7.8%	2.8%	14.8%	11.4%	2.8%
Non-Hispanic/Latino	92.2%	97.2%	85.2%	88.6%	97.2%
<i>Race</i>					
Asian	9.7%	8.6%	16.4%	6.1%	6.9%
Black/African American	16.4%	20.0%	10.9%	18.2%	18.1%
White	72.8%	71.4%	70.9%	72.7%	75%
Other	1.0%	0.0%	1.8%	3.0%	0.0%
<i>Education</i>					
High School or less	9.8%	10.8%	13.1%	2.9%	9.7%
Some College	20.0%	32.4%	21.3%	11.4%	16.7%
Bachelor’s Degree	32.7%	27.0%	27.9%	42.0%	34.7%
Postgraduate Degree	37.6%	29.7%	37.7%	42.9%	38.9%
<i>Last Year’s Taxes Prepared</i>					
Paid a professional	16.5%	18.9%	14.7 %	17.1%	16.7%
VITA	54.7%	59.5%	66.2%	54.3%	41.7%
Self-prepared / other	28.7%	21.6%	19.2%	28.5%	41.7%
<i>Will use VITA Next Year</i>	98.6%	100.0%	100.0%	97.1%	97.2%

The total number of VITA clients that had tax returns prepared at the site was 665. There were 306 surveys collected with one survey being completed for each household. Of the 306 surveys, 45 surveys had missing data and were excluded from the analysis and 49 additional surveys indicated that the VITA client did not receive a tax refund, resulting in a final sample size of 212. Based on VITA site administrative data, the average Adjusted Gross Income of the tax filers who participated in this research was \$30,733 and the

average federal tax refund amount among all VITA clients was \$1,156. Among only those receiving a federal tax refund the average federal refund amount was \$1,575. Nearly two-thirds of the participants were females, and approximately two-thirds of participants were non-Hispanic White. A high proportion of the sample had college degrees, which was not surprising given the target audience and location of the VITA site.

Over half of the participants had received tax preparation services through VITA in prior years. Nearly 99% of the sample expressed that they planned to return to the VITA site the following year. Just over 15% of the sample used a paid preparer in the prior year and about 30% of the sample prepared their own taxes in the prior year.

### Savings Behavior by Intervention

The savings response to the various treatments was assessed by the following questions:

- “Did you save part of your refund TODAY?”
- “How did you save part of your refund TODAY?”
- “How much of your refund did you save TODAY?”

Response options to the first question included “Yes,” “No,” and “Did not get a refund.” Response options to second question included: (a) “Opened a new account,” (b) “Purchased a U.S. savings bond,” (c) “Used an existing account,” (d) “Did not save,” (e) “Did not get a refund.” Table 3 presents the self-reported savings behaviors for the entire sample and for each of the treatment groups.

Table 3

#### *Financial Behaviors of the Respondents by Intervention Design*

	Total Sample	Control Group	10% Club	SFBC Video	10% Club & Video
<i>Did you save part of your refund today?</i>					
Saved	39.2%	37.8%	33.8%	65.7%	31.9%
Chose not to save	60.8%	62.2%	66.2%	34.3%	68.1%
Mean Amount Saved	\$330.84	\$309.66	\$298.49	\$758.26	\$164.49
(SD)	(\$670.93)	(\$603.63)	(\$626.59)	(1,066.89)	(\$343.63)

Approximately 40% of the sample stated they saved part of their refund. The highest percentage of tax filers who chose to save was in the SFBC video treatment group and the lowest percentage was in the 10% Club Card treatment group. The proportion of individuals reporting saving part of their refund in the SFBC video treatment group was nearly twice as high as that found in other treatment groups and the control group. With the exception of the SFBC video treatment group, the proportion of savers was similar in each of the treatment groups. The percentage of individuals who chose not to save was 60.8%.

A Chi-square test was performed to determine whether the differences that were observed in the proportion of participants who chose to save in the various treatment groups was even. The Chi-square test ( $\chi^2 = 12.773, 3, p = 0.005$ ) rejected the null hypothesis that proportions were equal, confirming that the proportion of VITA clients in the SFBC video group reporting savings part of their refund was significantly higher than the proportion in other groups.

The amount of savings for those in the SFBC video treatment group was also substantially higher than the amount saved by those in the other treatment groups. The average amount reported saved in the SFBC video treatment group was \$758.26, more than double the average amount reported in any of the other treatment or control groups. A one-way ANOVA was conducted to compare the effect of savings interventions on self-reported savings behavior using the SFBC video, the 10% Club Card, the combination of the SFBC video and the 10% Club Card, and a control group. A significant effect was found for savings interventions on the amount of self-reported savings at the  $p < 0.01$  level for the four conditions [ $F(3, 208) = 6.79, p < 0.001$ ].

An ANOVA means plot is shown in Figure 1. The mean dollar amount of self-reported savings is illustrated for each of the three treatment groups and the control group.

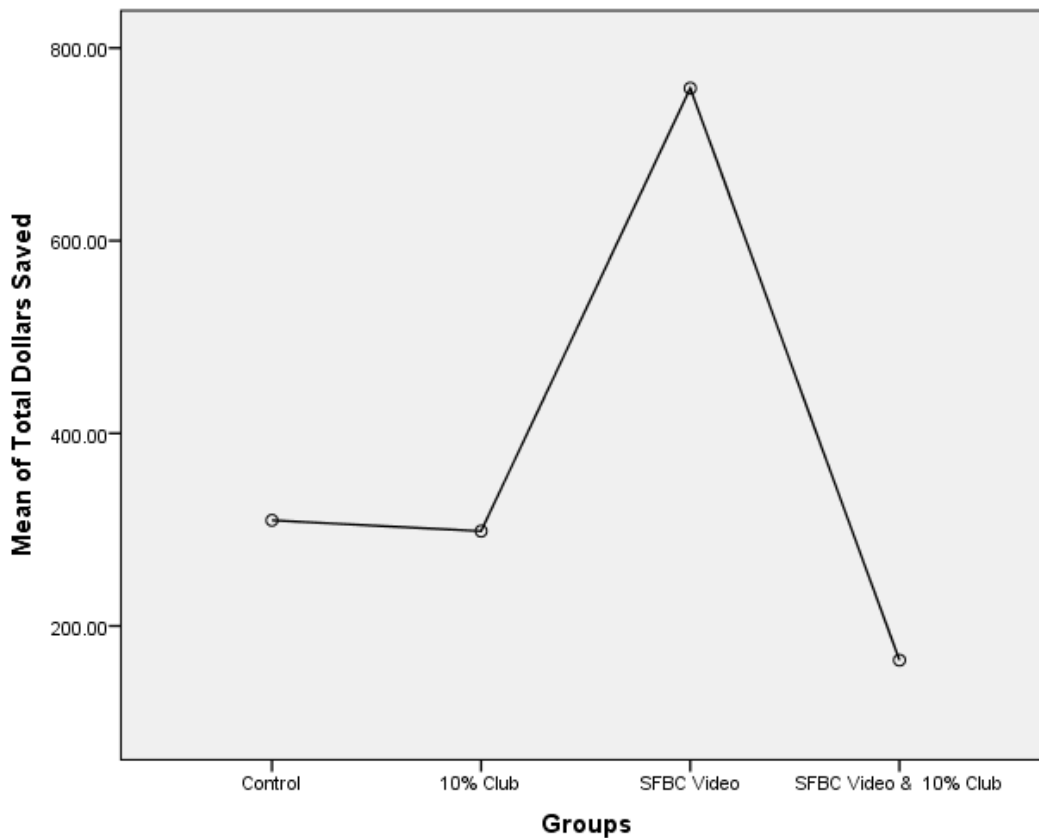


Figure 1. ANOVA means plot of self-reported amount saved for each of the four intervention groups (n = 212).

## DISCUSSION

Tax filers' self-reported savings behavior appears to be significantly affected by the SFBC video intervention. Higher proportions of tax filers who viewed only the SFBC video reported saving part of their refund, and the amount of self-reported savings was higher than those who received a different intervention or no intervention. The SFBC video treatment appeared to effectively help clients develop a higher intrinsic motivation to reach their future goals, or desired state, which in turn affected their current self-reported savings behavior. Based on the proportion of clients choosing to save and the amount of self-reported savings, intrinsic motivation fostered by the SFBC process appeared to have had a substantially larger impact on clients than the external incentive (10% Club Card).

Perhaps the most significant "result" of this study is that coaching at tax time was found to be scalable through pre-recorded videos, a worksheet, and some limited training with tax preparers. The uses of a SFBC video and worksheet to conduct the main aspects of the coaching process allowed the coaching intervention to be delivered uniformly to all of the VITA clients that received it. This not only added to the robustness of the study, but, more importantly for VITA site coordinators, it also provided a high level of quality control assurance because a professional coach was leading the VITA site clients through the coaching process. While a simple worksheet was used in this study to engage the clients in the video coaching process, other client engagement tools could also be utilized.

Clients also appeared to be receptive to the uniform application of the SFBC video. This is evidenced by the 97% of VITA clients in the SFBC video, and SFBC video and 10% Club Card treatment groups, that indicated they planned to return to the VITA site the following year.

### Limitations

The impact of the SFBC video on savings behavior did not appear to be as effective when the treatment was combined with another treatment, namely the 10% Club discount card treatment group. The mean proportion of savers and the amount of savings reported by those participants exposed to both treatments were lower than those reported for the 10% Club only and SFBC video only treatment groups. This suggests that tax preparers, when presented with both options may have overemphasized the 10% Club and underemphasized the SFBC video in their follow-up conversations with participants. This scenario is likely given that the student tax preparers did not view themselves as life coaches, nor did they have experience other than a few hours of training in performing SFBC. In addition, as participant goals may be deeply personal, emotional, or difficult to articulate, when given another option the participant and tax preparer may have chosen the emotionally safer conversation. Discussing the 10% Club card is less personal and required little introspection or questioning. It also may suggest that clients who received both the SFBC video followed by the 10% Club discount card intervention could have been overwhelmed by both interventions simultaneously and chose not to exert the mental effort necessary to focus on both interventions and consequently chose to stay with the

status quo decision regarding savings, which is to not save. Additionally, the combination of both interventions may have appeared to the client to be some sort of sales presentation, which in turn may have increased the client's resistance to the presentations.

## **Implications**

For the SFBC video treatment group only, there was no distraction to divert the client's attention from their goals. This allowed more time for a thoughtful discussion about the participant's experiences with watching the video. Even in the event that tax preparers did not thoroughly discuss the video, the client was not distracted by another savings intervention and had that time to ponder their worksheet responses and the video presentation.

Avoiding an anchor may also improve the amount of savings. Anchoring occurs when an external figure is used as an internal decision heuristic. This project used "10%" as an anchor from which participants could frame the amount they chose to save (i.e., higher or lower than 10%). The selection of 10% as an anchor may have been too low. The SFBC video only treatment group did not receive an anchor; therefore, the perceived financial expense associated with achieving internally-generated goals and aspirations was likely the primary influence on the amount of savings. When no anchor was present, the amount of self-reported savings appears to be much larger. Thus, interventions that can help the client generate and foster their own aspirational goals will likely result in not only a greater willingness to save, but also a greater amount of savings.

## **Conclusion**

Tax time does appear to be a promising time to encourage positive savings behavior and discuss savings opportunities with low and moderate-income individuals. This paper demonstrates that therapy-based interventions, such as SFBC, can be applied in a standardized, brief, and efficient method that can change a client's willingness to save, as well as increase the amount that they choose to save. SFBC and other therapy-based practice models that can be used to promote future goal orientation and financial stability among individuals receiving financial services warrant further study and evaluation.

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